
STATE OF LOUISIANA TOURISM INDUSTRY
Lieutenant Governor Mitch Landrieu
Louisiana Tourism and Promotion Association
Lake Charles, LA – Wednesday, January 18, 2006

Two years ago, I stood before you as your newly sworn in Lieutenant Governor, and we talked about a new image for Louisiana – not just a great place to visit, but a great place to live and work and play. We forged ahead with a roadmap to become the leader of the New South.

Last year, in Shreveport, I asked you to increase your role as leaders in our communities – to speak louder, to participate more in the decisions being made by elected and business leaders. You did -- we became more organized, more vocal, and more involved -- and we gained our place in Louisiana's political and business worlds as one of the state's leading industries.

As Louisiana leaders, which you all are, I am now asking you to take responsibility beyond tourism and culture – beyond the families of the people who work for you and who want to come home – beyond what is good just for the tourism industry. For the tourism to thrive again, we must accept our leading role in rebuilding every part of this great state.

Personally, and on behalf of the people of Louisiana, I want to thank each of you for the commitment you have made to our state and to our industry for the leadership you have shown.

I am so proud of the people in our department and the tourism, hospitality and cultural industries in our state for the work you are doing in your communities to stand up tourism and create economic growth.

I am grateful to each of you for your friendship, guidance and support in getting our industry organized, and speaking with one voice

I also want to say something about Steve Perry, Bill Langkopp, Jim Funk, and Sandy Shilstone. Immediately after the storm we brought these leaders together in our office to work with Secretary Davis to help get stranded tourists to safety and to begin rebuilding our industry. They were great partners with the state's office and they deserve our thanks.

I also want to thank you for reaching out to your national stakeholders and helping us in our efforts over the past months for making sure Congress heard our message on tourism and culture. I think we all know that the portion of the first \$29 billion that Louisiana got from the appropriation last month is not enough for Louisiana to rebuild its infrastructure and economy.

I hope you are as proud as me for the way our industry has conducted itself. But I hope you also realize that we have a great deal of work ahead of us if we are going to continue to be the soul of America.

According to a report conducted for our office prior to Hurricanes Katrina and Rita, cultural industries and Tourism are 2 of only 4 industries in Louisiana that account for over 100,000 jobs.

In 2004, tourism in Louisiana was a \$9.4 billion industry, the state's second largest, and helped generate over \$600 million in state and local tax dollars.

Since the storms the New Orleans region loses an average of \$15.2 million per day and the Lake Charles region loses an average of \$1.5 million per day in direct tourism income.

Overall, in 2005, Louisiana will likely lose over \$1 billion in direct tourism revenue as a result of losses in tourism income.

When we traveled to New York to consult with the national tourism leaders who helped with the New York City rebound effort post 9/11, we learned that marketing is the key to rebuilding credibility with your customer base that may now doubt your ability to host them.

We recently completed an impact study that showed we are losing ground in Louisiana because we are not adequately countering negative images about New Orleans and Louisiana that still dominate local and national media. This research indicates that we are not doing well.

This is why marketing is a key priority in the first phase of our initial request to Congress. Later this month, we expect the Louisiana Recovery Authority to vote to provide \$50 million to our office to devise a tourism marketing campaign.

Our campaign will counter the negative images in our customer's minds, will target leisure, business and convention travelers as well as provide marketing support to our many institutional events that people around the nation and world love to attend. The \$50 million we hope the LRA will approve is the first half of our overall request of \$100 million needed to implement this marketing campaign over the next three years.

Before the storms, we returned \$16 for every \$1 we spent marketing Louisiana in revenue for the state. We know that marketing works in this industry and we know that with the new coordination and unity of the entire industry in New Orleans and across Louisiana we will be able to deliver a message that counters the negative perceptions.

Marketing is an important first step to our overall recovery efforts. Our overall 3-year request to Congress for \$1.6 billion also includes small business relief, infrastructure rehabilitation and workforce development. All key to our success.

The LRA has approved \$100 million for bridge loans to be administered through the Louisiana Department of Economic Development. As we continue to work for the small business relief grants that are part of our tourism package, I want you to know that Secretary Davis is working with Secretary Olivier to make sure our small businesses in the tourism and cultural industries are aware of the opportunity for these bridge loans through LED.

The small business grant program we have requested from Congress is crucial to our rebuilding and I ask that you make this a priority as you advocate to the LRA and the legislature on our industry's behalf.

The small businesses that make up the tourism and cultural industries are vital to Louisiana's overall economic health. Prior to Katrina and Rita, cultural enterprises were growing faster than any other sector of Louisiana's economy.

In communities throughout the devastated areas, restaurants, museums, art galleries, live music venues, bed and breakfasts, hotels, fishing charters and swamp tour businesses, and so many other family owned businesses that rely on a vibrant tourism season are hurting.

It is also important to realize that these businesses employ almost 300,000 Louisiana citizens. These are the citizens that we are all trying to bring home so they can rebuild our communities. If we don't help these small businesses stay afloat, our citizens won't have jobs to come home to.

This industry is ready to bring people back to Louisiana and put them to work.

This industry is vital to Louisiana's economy.

We have made great progress in getting the tourism industry back up and running in this state, and for that you owe yourselves a pat-on-the back. But, it is not enough.

There's so much more we need IN Louisiana and FROM Washington.

Our goal for Louisiana is not to get everything back the way it was. Sure, the food was the best in the world. We want all that back. And the music was the greatest anywhere – and the most American. We want all that back, too. And, most of all, we want our people to come home black, white, red or purple. Everyone who wants to should have the opportunity to.

But we don't want everything back the way it was. Our levees failed us. And the truth is, we don't want them back the way they were – not even close. We have to do way better. And we can. We have the know-how. And, if we get our priorities right, we can afford it.

What we need for the future is a fully integrated levee and coastal wetlands barrier system – one that will coordinate levees, pumps and drainage, that will put the distance back between our communities and the Gulf of Mexico, and that will protect us from flooding.

Too costly? I don't think so. Look at it this way: Since that day five months ago when Katrina hit, this nation has spent over \$35 billion in Iraq. \$35 billion is about the cost for a complete levee system and the coastal wetlands protection we need. Just five months of Iraq. If we can afford to build other nations, we can afford to rebuild America.

It's plain to see. What happened to us – the devastating impact on families, businesses and communities throughout Louisiana and the Gulf Coast – is beyond anything that ever happened to any state of the union. This is an American Tragedy that requires an American Response.

We got a down payment last month – \$29 billion in federal funds along with tax incentives designed to help small businesses for the entire Gulf Coast. But we have a long way to go. For years, our US Senators and Congressional delegates have been fighting for a dedicated revenue

source to pay for what we need. Now's the time to make it our fight, too. Let's marshal our forces in Washington and around the country to make this happen once and for all.

Of course, we're not likely to get that dedicated revenue stream from Congress if we don't hammer out some true levee district reform – reform that produces a lot more regional cooperation and a lot less bureaucracy. We failed during the last special session, but true levee district reform is a top priority for the next. It's critical and it will get done.

We also have to fix the communication failures between federal, state, and local governments. The cover story in the December issue of Governing magazine is about what they call “The Katrina Breakdown”, and it asks a fundamental but simple question:

“Will governments ever learn to work together?”

We need agreement on communications technology and a clear chain-of-command that defines roles and responsibilities of every branch of government to get resources where they are needed immediately. The 9/11 Commission saw the very same problems, but they are still not fixed. That's unacceptable.

It is less than 6 months 'til the next hurricane season. Louisiana and our sister-states along the Gulf will still be in recovery. We can't get caught in confusion again without a good system to coordinate all the agencies responsible for the safety of our citizens.

It wasn't just the levees, and it wasn't just the feds who failed us -- the fact is, even before Katrina there was a lot wrong with government at all levels in this state. Our structure of state and local government has fostered turf mentality and parochialism. We're too focused on power and control and not enough accountability and responsibility.

Consequently, we haven't been getting the results people want. That's why many of our own Louisiana college graduates – our best and brightest – were leaving for better opportunities in other states – evacuating long before the storm.

We have an opportunity now – now that all change is possible – to create government for the future. Post-Katrina government. Post-bureaucratic government. Government that works better – that delivers the services and results people care about – that opens opportunities and rewards hard work.

Our goal must be bringing our people home, whether they fled the storm or bleak prospects. And others will come, too – the best and brightest from other states. Where else in America will there be such opportunity for a fresh start?

I'm talking about going in and changing the DNA of government. It starts by changing the way we approach everything we do. That means pushing away partisan bickering, parochial turf battles and political selfishness and adopting some guiding principles that will dictate the direction of our future. To me, our future lies in the following five principles.

1. Our diversity is a strength, not a weakness. We ignore the issues of race and poverty in our peril.
2. We must diversify our economy
3. We must organize regionally and compete globally
4. We must add value to our raw talent and natural culture
5. We must set the highest standards

Let me give you a couple of examples of the kind of government DNA changes we need. Take the way we come up with a new budget each year.

The old fashioned way is to start with last year's budget. Add the cost of new programs and inflation. Then start cutting back here and there – maybe everywhere – until the total is down to the expected revenues. Voila! Next year's budget.

That's a bit oversimplified – there's certainly a lot of huffing and puffing that goes on – but those are the basic steps of the old-fashioned budget process.

Now there are lots of problems with the old process, but the main problem is that it's all about what things cost, instead of what is being accomplished.

Suppose we change the DNA of the budget process. Suppose we start not with last year's budget, but by deciding – with plenty of citizen input – what important things we want to accomplish next year and how we'll measure our progress. Then, suppose we let the various government agencies – and maybe even some outsiders – make proposals about how they would produce the results we want and at what price. If we did that the governor and legislature could go shopping for the best values with whatever money was available for the year. They wouldn't be struggling with what to cut – but what to accomplish. And, in this system, if your proposal gets funded, YOU get held accountable for delivering the results you promised.

That's a DNA change. And it's not just a pipedream. It's called Budgeting for Outcomes (BFO) and the State of Washington has been doing it with great results. We should do it, too.

We started that kind of transformation a couple years ago in the Department of Culture, Recreation and Tourism. Our concept at the beginning was simple – build a streamlined and efficient organization that eliminated bureaucracy, created better opportunities by fostering better communication, focused on results and was accountable to our customers.

This process helped us react swiftly to the storms. Over the past two months, our agency heads and their staff have been working together on a budget for next year that is focused on results and is designed to make sure we invest in ways that will help us achieve the outcomes that you – our customers – rely on us to achieve.

This process has been successful in several areas in the Department of Culture, Recreation and Tourism. In three areas of customer service, we have shortened the approval process, improved the delivery of services and, most importantly, saved nearly \$100,000 already.

Another example of a government DNA change is called Charter Agencies:

- Suppose the governor makes an explicit contract with the head of a state agency to cut costs (or increase revenues) by a specific amount, and to produce a set of specific, measurable results. And the agency head will be held publicly accountable.
- In exchange, the agency head gets a whole lot more authority to manage his or her business. Nothing outside the law mind you, but freedom from all the internal red tape we tend to load on government managers concerning personnel, office supplies, computer systems, travel, reallocating money, building and grounds maintenance, fleet management, and on and on... Oh – and they also get to spend any extra money they save on their own agency.

I think DCRT would make a perfect Charter Agency. So would LED, Wildlife and Fisheries, DHH, DOTD, and I'm sure many others.

Again, this is not a pipedream. Iowa created Charter Agencies and won last year's Innovations in American Government Award. We should do it too. I hope the legislature will consider authorizing Charter Agencies as the first step toward true transformation of state government.

Katrina and Rita exposed the need for lots of changes. They gave us an unparalleled opportunity to transform key areas like health care, education, and transportation – and an absolute need to create strong incentives for recovery and infrastructure for new growth.

We should transform the healthcare delivery system not only in New Orleans, but also statewide. Many of our citizens in the most rural parishes and communities have inadequate access to quality healthcare.

We should transform the public education system that was failing our students, our teachers, and our economy. Poverty is rooted in poor education. State takeover of New Orleans schools is not enough to say we are reformed. We need wholesale reform of the education system in Louisiana. And that goes all the way from Pre-K and Head Start programs to higher education and vo-tech colleges. Our schools should be technological and cultural centers for our communities. Then every Louisiana citizen will have a fighting chance to reach his or her full potential.

We can address poverty through economic and social development in Louisiana, too. We have an opportunity to become the hub of commerce, trade and culture in the south by attracting industries like digital technology, biotech and medical research, and aerospace. There is no reason why Louisiana can't compete globally.

This is our chance to get our transportation infrastructure right. We're at the mouth of the greatest waterway in the world – at the axis between North, Central, and South America – at center of the universe. Louisiana is the natural place for America's economy to explode. We should be thinking and talking about our port, our airport, and our interstate system as an inter-modal transportation hub. Lake Charles and the port system of Southwest Louisiana that sits on

this I-10 corridor is part of this. And imagine if we add a rail corridor across the south – linking Houston, New Orleans, Atlanta, Memphis, Jackson and other cities.

Maybe we need a regional port authority that covers our ports, airports and transportation infrastructure similar to the proposed levee district reform that we are considering.

We can become an economic region that can compete with the likes of Boston, Philadelphia, New York and Washington DC.

These are all visions of the kind of future we have the opportunity to build. I truly believe Louisiana can become a model of policy, efficiency and government accountability for the nation if we get this right.

A clear vision that everyone agrees on is needed. We are all in this together. That is one of the reasons I called for better cooperation between the Mayor and the Governor's commissions over 3 months ago. Unfortunately, this has not occurred but they are talking to each other more often and that is a good first step.

I do think that some of the focus on the politics between these two commissions has taken attention away from many of the other areas of the state that were impacted by Katrina and Rita. We can't forget those other Mayor's and parish leaders who also are working each and every day to get their communities rebuilt.

One key decision coming up will be how the Governor and the LRA decide to use the first \$6.5 billion in Community Development Block Grants. There is a lot of talk about how Mississippi is doing it and what we should do to get money directly to those who lost homes. I believe the most important thing we can do is make the homeowners who lost their homes as close to whole as possible.

We must go back to Washington DC and demand that the White House and Congress get together and pass Congressman Baker's bill or the President must at least double the amount of CDBG money to Louisiana

The LRA has to get the allocation of CDBG money right if we expect to get more from Congress. A stronger business infrastructure based on incentives, bridge loans, rapid response grants, and other forms of assistance are all important, but they are not enough if we don't provide direct assistance to local governments.

The LRA cannot treat devastated cities the same way Congress has treated Louisiana and expect our mayors and parish presidents to rebuild.

The American Institute of Architects has an interesting proposal that helps local governments bring their budgets back to a pre-Katrina and Rita level for a three-year period by giving them direct grants in the amount of their pre-Katrina property and sales tax collections.

In exchange, these local governments will not collect property or sales taxes for the same three years to allow them time to rebuild and offer a competitive climate for businesses and individuals who want to return, or locate in the effected areas. That's the kind of thinking we need to transform state government into a facilitator that supports local government and helps them rebuild.

In addition to the calling for long term commitment for levees and flood control that includes a dedicated funding source, the AIA proposal also includes:

- Economic development projects in 10 pilot communities in the New Orleans region that are centered around 21st Century schools and require mixed-use community development.
 - Tax incentives and business assistance for tourism, culture, and small businesses
 - Infrastructure repair and agricultural assistance
 - A waiver of the state's FEMA obligation
- Improved drainage pump systems for all of South Louisiana
- Other tools and incentives that will spur additional redevelopment like brownsfields grants, historic preservation funds and transportation infrastructure repairs

This proposal deserves serious debate.

The key to this proposal is that it would give local governments in effected areas security to plan ahead with the knowledge that they have revenue to work with as they restore their necessary survival to American citizens.

The tax holiday would hopefully create an attractive place for businesses and families to relocate. Right now the state needs to be in the business of giving local governments the tools they need to provide essential services.

Perhaps, the LRA should look at this proposal to help local governments start this tax holiday program as they think about how the best way to utilize the CDBG funds. We will have to go to Congress to get more – but if we believe it is a good plan we need to get behind it.

In exchange for the tax holiday, I think that the state should require any local government that chooses to participate to agree to go through a government transformation process that examines ways they can be more efficient and entrepreneurial in the future. At the end of the three years we want better, smaller and more efficient government at the state and local level.

It is time in Louisiana to end the era of inefficient government.

Right now there is talk about consolidation of certain offices in New Orleans during the special session. This is a good idea – but it doesn't go far enough. Senator Murray and Representative Bruneau have been asked by resolution to study this issue for the legislature. I think this needs to be expanded statewide. I'm sure there are places other than New Orleans in this state that can be more efficient.

What I like about the AIA approach is that it achieves something that has been missing in the process I have seen from both the LRA and the Mayor's Bring Back New Orleans Commissions to date – a focus on things we can do to deal with the immediate needs of our communities. The grand vision we have of a better state is only possible if we progress each day, and to do that we need to be entrepreneurial, efficient and creative.

In addition to the AIA proposal, there are other incentives that the legislature can focus on to help local communities rebuild their economies and bring people home.

- Let's create incentives for teachers, doctors, nurses and first responders who return or commit to come work in Louisiana affected communities.
- Let's give incentives to rebuild the non-profit sector, the faith based institutions, the community service providers, the artistic and cultural communities and other sectors of our economy that often are forgotten.
- Let's support our lower-wage workers who need extra incentives to return to their jobs. We should explore the possibility of expanding the Earned Income Tax Credit or creating a state EITC for lower-wage workers who we want to come back. This would especially help the tourism and hospitality industry bring workers back to hotels and restaurants.

Fate has conspired in Louisiana, to place us at the epicenter of a defining moment for our state and nation. We are people of faith, family and country. We need our nations help. In return it is our obligation to become this nations beacon of light and hope. An example of that great American spirit – the spirit of freedom, unity, community and hope and yes faith. Faith in our ability, faith in resilience, faith in our will power to get up off our knees and proclaim to the world that we are still here and will be here for many more years to come.

Thank you